

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-07 L-02

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 EB-07 CIEP-01 TRSE-00 STR-01 OMB-01

CEA-01 COME-00 FRB-01 XMB-02 OPIC-03 LAB-04 SIL-01

NEA-09 FEA-01 INT-05 AGR-05 /102 W

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R 101704Z JAN 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 7223

INFO AMEMBASSY QUITO

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E.O. 11652: N/A

TAGS: ETRD, VE

SUBJECT: VENEZUELAN REACTION TO U.S. TRADE LAW

REF: A. CARACAS 11959 B. CARACAS 200

1. ON JANUARY 10 I TELEPHONED DR. DARIO BAUDER, DIRECTOR OF COMMERCIAL POLICY FOR THE FOREIGN TRADE INSTITUTE (ICE) TO OFFER HIM THE TEXT OF TITLE V AND OTHER MATERIAL ON THE TRADE ACT OF 1974. I ASKED DR. BAUDER'S OPINION CONCERNING THE GOV REACTION TO SECRETARY KISSINGER'S ANNOUNCED INTENTION TO CONSULT WITH THE CONGRESS IN ORDER TO SEEK AMELIORATION OF THE PROVISION EXCLUDING VENEZUELA AS A MEMBER OF OPEC FROM THE BENEFITS OF GENERALIZED PREFERENCES (THE DEPARTMENT WILL RECALL THAT BAUDER RECEIVED A VERY NEGATIVE IMPRESSION OF CONGRESSIONAL INTENTIONS DURING A VISIT TO WASHINGTON IN NOVEMBER, REPORTED REFTEL A.)

2. DR. BAUDER INFORMED ME THAT THE SECRETARY'S POSITION ON THE TRADE LAW IS INDEED HAVING A BENEFICIAL EFFECT. IN HIS OPINION, HOWEVER, THE DISTUPTION IN OUR RELATIONS WILL NOT ABATE UNLESS

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THE CONGRESS REACTS POSITIVELY AND SPEEDILY TO THE SECRETARY'S

REQUEST. DR. BAUDER REGRETTED THIS SERIOUS PROBLEM IN OUR RELATIONS AS ONE THAT WAS ENTIRELY UNNECESSARY. HE INDICATED, HOWEVER, THAT VENEZUELA IS SERIOUSLY CONCERNED ABOUT OTHER PROVISIONS OF THE TRADE LAW, IN ADDITION TO THE CLAUSE EXCLUDING OPEC COUNTRIES. HE SAID, FOR EXAMPLE, THAT IT WAS HIS UNDERSTANDING THAT MANY RESTRICTIVE CLAUSES WOULD BE SUBJECT TO EXECUTIVE DETERMINATION. THEREFORE, VENEZUELA'S REACTION TO THE LAW WILL DEPEND VERY MUCH ON THE ATTITUDE THAT THE U.S. EXECUTIVE TAKES IN INTERPRETING THE LAW.

3. I ASKED BAUDER HOW ICE HAD ARRIVED AT THE ESTIMATE OF BS. 150 MILLION OF ANNUAL EXPORTS WHICH MIGHT BE AFFECTED BY VENEZUELA'S PRESUMED EXCLUSION FROM GSP (SEE REFTTEL B). BAUDER SAID THE REPORT WAS NOT ACCURATE - ONLY HALF THIS AMOUNT (BS. 75 MILLION) MIGHT BE AFFECTED, BUT THE ESTIMATE WAS VERY ROUGH. THIS WAS VERIFIED, WHEN I ASCERTAINED THAT HE WAS NOT AWARE OF MAJOR CATEGORIES OF PRODUCTS WHICH WOULD BE EXCLUDED FROM GSP. I ALSO REMINDED HIM THAT THE U.S. HAD NEVER RECEIVED A RESPONSE TO ITS REQUEST FOR A LIST OF PRODUCTS WHICH THE GOV MIGHT BE INTERESTED IN HAVING INCLUDED IN GSP.

4. I TOLD DR. BAUDER THAT THE MATERIAL I WOULD BE SENDING HIM WOULD POSSIBLY CLARIFY SOME OF THE ABOVE. WE AGREED THAT IT WOULD BE DESIRABLE TO MEET AND DISCUSS DETAILS AFTER HE AND HIS COLLEAGUES HAVE HAD AN OPPORTUNITY TO STUDY THE MATERIAL.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, TEXT, FOREIGN RELATIONS, GOVERNMENT REACTIONS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 10 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CARACA00354
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750011-0241
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750163/aaaacddr.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 CARACAS 11959, 75 CARACAS 200
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 08 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 SEP 2003 by ElyME>; APPROVED <09 SEP 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VENEZUELAN REACTION TO U.S. TRADE LAW
TAGS: ETRD, VE, US, OPEC, (BAUDER, DARIO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006